Foreign Investments in U.S. Up 57%

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Foreign investors spent $19.2 billion to acquire or to create businesses in the United States in 1981, an increase of 57 percent over the figure for 1980, according to a new report by the Commerce Department's Bureau of Economic Analysis.

The increase indicates that foreign investors still regard the United States as a stable and profitable long-term market, but it also reflects the very high price of a few spectacular transactions that may have distorted the figures, Commerce Department analysts said.

Federal law requires reporting to the Commerce Department all transactions in which foreign interests acquire 10 percent or more of a new or existing U.S. corporation with sales or assets of more than $5 million or with more than 1,000 acres of land. The data, submitted on complex 10-page forms that show ownership and assets in extensive detail, are compiled into a public report each year.

The latest report, to be published in the forthcoming Survey of Current Business, shows that $13.5 billion of the total invested came from Canada and Europe. Those findings are consistent with many previous studies showing that the major industrialized countries—not the oil-producing states of the Middle East—are the predominant foreign investors in the U.S. economy.

From Middle Eastern countries other than Israel, the investment outlay was just over $3 billion. That figure includes the $2 billion paid by the state-owned Kuwait Petroleum Co. to acquire Santa Fe International Corp., a California-based oil exploration and drilling-rig company.

The report shows that, while the dollar value of foreign corporate investments here increased sharply last year, the number of companies involved shrank by an equally sharp degree. In 1981 foreigners established or acquired at least 10 percent of 875 U.S. businesses, down from 1,659 the year before.

Besides the Kuwait-Santa Fe deal, several other major transactions last year boosted the overall level of foreign investment and the average cost. The report does not name them because the reporting corporations are promised privacy as they are with their tax returns, but it refers to several that are clearly identifiable.

One was the acquisition by the Canadian distiller Joseph E. Seagram & Sons of about 20 percent of the stock of E.I. du Pont de Nemours & Co., a transaction that the report says cost nearly $2.8 billion. Others included the acquisition of the Salomon Brothers investment banking house by the South African-controlled Phibro Corp.